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# STEPS TO VICTORY

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## STEPS TO VICTORY.<sup>1</sup>

THIS IS a day of big things, of staggering questions, of unprecedented undertakings, and of incredible happenings.

It is almost true that the incredible is the only believable and the impossible the only attainable. One can not be shocked or surprised or diffident any more. Therefore I entertained with complacency the suggestion that I meet you here and discuss the theme of the evening.

It is unnecessary for me to confess that I am not wise enough to dispose of this subject to your satisfaction or to my own. I am not equal to it; but I have the satisfaction of knowing that all of you are not, and even all of us at this head table are not. Perhaps a unified allied council may discover, indicate, and take all the necessary steps, but I am reasonably certain that nothing less will suffice.

There is one thing I like about the subject. It evidences the right spirit, the requisite determination, and a commendable and justifiable optimism. It assumes that we must and shall win, and win without undue delay. It implies that, having put our hand to the plow, we will not turn back, or even look back, and that we refuse to entertain the suggestion of possible failure.

### FIRST AND LAST STEPS TO EARLY VICTORY.

A clear, fixed, unalterable purpose to attain the ends we had in mind in accepting Germany's challenge, based on a thorough appreciation of the meaning of this struggle and a willingness to make all necessary sacrifices, I regard as the first and last most essential steps to an early victory. This war is a test of the spirit of nations, even more than of their material resources and strength. The issue of it depends on the relative intelligence, moral qualities and attitude of the people engaged. Never before has there been a war which so effectively de-

<sup>1</sup> This subject was suggested by the officers of the Economic Club of New York City and it will be noted that the address was delivered before the club on *December 6, 1917.*

manded the highest exhibition of intellectual capacity and also the unfaltering display of will power and moral courage. No more important duty confronts the leaders of thought everywhere than that of informing the national mind and of sustaining and confirming its spirit and purpose. Public opinion must be anchored and the motive for terrible sacrifices be firmly fixed. No matter what the difficulties, no matter what the seriousness of the strain, there can be no faltering. Civilization can not afford to entertain the thought of defeat. The challenge of Germany went to the roots of freedom and of national existence. There is no halfway house. Proposals to parley with an unbeaten enemy, who proclaims himself victor, indicate nothing less than a willingness to admit defeat. They spell relaxation of effort and demoralization. They mean assent to Prussia's century-old policy of extending her medieval patrimony by force and of gradually imposing her will on the world. They mean nothing more than a truce, "a truce with usury," a mere interruption of the strain and its assumption at a later day with interest compounded. All history points to this conclusion.

#### THE PACIFIST A CONSTANT MENACE.

No greater dangers confront democracy than those which may arise from drifting, from mental or moral fatigue, from confused advice, from entertaining dangerous fallacies, and indulging in friendly optimistic sentiments toward an implacable enemy. These are the dangers which extreme partizanship and pacifism breed. The pacifist is a constant menace; the mere partisan a criminal; and especially obnoxious is the vain omniscient partisan to whom the future is an open book, who alternately rags the public and assaults its enemies, censures everybody and everything except himself, indulges in irresponsible criticisms and misrepresentations, causing unwarranted popular confusion and unrest, generally giving aid and comfort to the enemy. These things must be abated through force of an educated public opinion if possible, but, in any event, must be abated.

## PEOPLE WILLING TO MAKE SACRIFICES.

The indications to date are numerous that the people of this Nation as a whole have an effective appreciation of the meaning of the struggle and a willingness to make large sacrifices. It is only necessary to go among them to realize the strength of their sentiments and determination. Everywhere I have been impressed with the sound sense and fine spirit of the great majority of our citizens. In respect to patriotic attitude, I have confirmed my suspicion that there were no geographical boundaries to it, no North, no South, no East, no West, and that no section has a monopoly of intelligence or patriotism.

We may also judge conclusively the state of mind of the people by the action of Congress. This body represents public opinion. It does not adopt and pursue a course of action if the people are hostile. In six months, that body has given to popular sentiment an expression without parallel in parliamentary annals. The first great step toward winning this war was taken when the President of the United States, on April 2, in advising Congress to declare the existence of a state of war with Germany, pointed out what war would involve and demand. The striking thing about that historic address was not so much the advice it contained, momentous as that was, but rather the clear perception it revealed of the magnitude of the task before the Nation.

## RESPONSE OF CONGRESS.

The response of Congress was prompt and adequate. It authorized and directed the President to employ the entire Navy and military forces of the Union and pledged to the Government all the resources of the Nation to bring the conflict to a successful termination. The task of making good this pledge was entered upon and discharged in such manner as to startle many at home and to amaze even foreigners who had become habituated to prodigious operations. I well remember some characteristic remarks of Lord Northcliffe during his visit to Washington. Suddenly stopping and turning to me, he said: "Am I dreaming?" I asserted that he did not look



like a dreamer. He continued: "I am told that Congress declared war on the 6th of April, authorized the Secretary of the Treasury to borrow approximately eleven and a half billion dollars, enacted a new tax law designed to raise two and a half billions in addition to ordinary revenues, appropriated or authorized nine billions for the Army and Navy, over a billion for ships, with a maximum authorization of nearly two billions six hundred and forty millions for airplanes, credits to the allies of seven billions, a total of actual appropriations and authorizations of twenty-one billions; gave power to commandeer plants, ships, and materials; provided for conscription, which England had not fully resorted to and Canada had not then adopted; that there had been registered or enlisted nearly ten and a half million men; that Pershing was in France and naval vessels were in Europe; that the food-production and food-control measures had been passed; and that authority had been given for the control of exports and imports and of priorities."

He repeated: "Am I dreaming or is it true?" I replied that unless I was dreaming it was true. He said: "I can't believe it." I told him I could believe it but that I could not comprehend it. It is difficult now to do so. The figures even for particular items are beyond comprehension. Think of them. For ships an authorization of a billion nine hundred millions, nearly double our former Federal budget; for aviation, six hundred and forty millions; for torpedo-boat destroyers, three hundred and fifty millions; for army subsistence and regular quartermaster supplies, eight hundred and sixty millions, for clothing and camp and garrison equipment, five hundred and eighty-one millions; for transportation, five hundred and ninety-seven millions; for medicine, one hundred millions; for mobile artillery, one hundred and fifty-eight millions; for ordnance stores and supplies, seven hundred and seventeen millions; for heavy guns, eight hundred and fifty millions; and for ammunition for the same, one billion eight hundred and seven millions.

#### THE FEDERAL RESERVE LAW AND THE WAR.

Clearly Congress for the time being had taken the necessary steps to make good its pledge of placing the resources of the



country at the disposal of the Government. At the same time it created or authorized the creation of essential administrative agencies. In respect to administrative agencies important developments had already taken place. Most striking and significant of all was the enactment of the Federal reserve law and the creation of the Reserve Board and banks. This action obviously was taken without suspicion that the world was on the verge of war and that we would soon be involved. It was taken to insure better banking conditions in time of peace, and especially to enable us to weather financial storms. Before the reserve act was passed the Nation, as you well know, had no adequate banking system. Its financial arrangements had never been able to withstand strain either in peace or war. In each of our considerable struggles we had promptly suspended specie payments, with all its attendant disabilities and burdens. But now, after four years of world financial strain, such as no financier dreamed it possible for the world to bear—I might say for six years, because there was a world-wide financial chill for at least two years before 1914, due to apprehension of war and to the undoubted financial preparations made by the central powers—after this long strain and the shock of the last six months, our finances are sound and we are proceeding in orderly fashion. For this reason, and because of our obligation to extend liberal credits, it is not extravagant to say that no greater contribution to the winning of this war has been or will be made than through the passage of the Federal reserve act in 1913 and the successful establishment of the system well in advance of trouble.

#### ORGANIZATION OF CONSULTING BOARDS.

Steps toward preparedness in respect to other highly essential interests were taken much before war was declared. Their significance was not grasped by the public at the time. For the most part they have been overlooked. Pursuant to an act of Congress of March 3, 1915, two years before the war, the President appointed the National Advisory Committee for Aeronautics, composed of the most eminent students of the subject. In connection with the work of this committee and in part through its labors has been developed our enormous avia-

tion program and expansion. Likewise, during the summer of 1915, the Secretary of the Navy organized the admirable Naval Consulting Board with Edison as chairman and 2 representatives elected by each of 11 great engineering and scientific societies. Furthermore, on September 7, 1916, after a long and unfortunate delay caused by unintelligent opposition, the shipping act was passed, creating a board with large powers and appropriating fifty millions of dollars for the construction, purchase, charter, and operation of merchant vessels suitable for naval auxiliaries in time of war. This was the beginning of the present huge shipbuilding program whose speedy execution is of paramount importance.

#### THE COUNCIL OF NATIONAL DEFENSE.

But that is not all in the way of early preparedness. On August 29, 1916, the Council of National Defense, consisting of six heads of departments and of an advisory commission of seven, nominated by the council and appointed by the President, was created. The council was charged with the duty of mobilizing military and naval resources, studying the location, utilization, and coordination of railroads, waterways, and highways, increase of domestic production for civil and military purposes, the furnishing of requisite information to manufacturers, and the creation of relations which would render possible the immediate concentration of national resources.

The creation of the Council of National Defense was not the result of sudden inspiration. It was directly suggested by the activities of two very important groups of individuals. In March, 1916, a committee from the five great medical and surgical associations, having an aggregate membership of from 70,000 to 100,000, was formed. It met in Chicago on April 14, 1916, and tendered to the President the services of the medical men of the Nation. In March, also, representatives of five engineering organizations, with a membership of 35,000, met in New York and formulated a plan to make an inventory of the country's producing and manufacturing resources. The thought and purposes of these two bodies were brought to the attention of the President and their consideration resulted in recommendations for the creation of the Council of National Defense.

## NEW AGENCIES CREATED.

Thus, a number of months before war was declared agencies had been created covering, at least in outline, many of the essential new activities. Seven of these of peculiar importance had begun to find themselves and to chart their course. I refer to the Shipping Board, the aviation, the medical, the manufacturing, the transportation, the munitions, and the labor committees. When war came these bodies greatly speeded up their work. Others were created—among them, the Food Administration, the Fuel Administration, the War Trade Council, the War Trade Board, and the War Industries Board.

## THE WAR INDUSTRIES BOARD.

The last is of unique importance, and yet its work is little understood. Its members are the direct representatives of the Government and of the public interest. The tasks of the board are stupendous. It acts as a clearing house for the war industries' needs of the Government, determines the most effective ways of meeting them, the best means of increasing production (including the creation of new facilities), the priority of public needs and also of transportation. It considers price factors, the labor aspects of industrial operations, large purchases of commodities where market values are greatly affected, and makes appropriate recommendations to the Secretaries of War and Navy. Judge Lovett is in immediate charge of priorities, Mr. Baruch of raw materials, and Mr. Brookings of finished products. These three constitute a commission for the approval of purchases by the Allies in this country from credits made through the Secretary of the Treasury. I need only remind you of the items of the appropriations for supplies, ordnance, and other things to impress you with the magnitude of the board's task. Its machinery is not yet perfect, but it is working, and I am sure that no step will be omitted to make it as nearly adequate as possible. If a better scheme can be devised, it should be promptly adopted. It is obviously of the highest importance that the resources of the Nation, made

available by Congress, should be administered with the utmost skill and effectiveness.

#### MOBILIZATION OF TALENT.

No machinery is of great value unless it is properly manned. The right sort of men is the first requisite of any kind of successful enterprise. I believe this requisite has been satisfied and that the Nation is mobilizing for this emergency additional men of as high character and fine talent as it possesses. Where so many are involved special mention is invidious, and I cite the names of the following merely as samples: Willard, Gompers, Baruch, Rosenwald, Coffin, Martin, and Godfrey; Hoover, Garfield, Vanderlip, Davison, Vauclain; McCormick, Thomas D. Jones, Lovett, Brookings, and Frayne; Dr. Anna Shaw, Mrs. Philip Moore, Mrs. Cowles, Mrs. Catt, Miss Wetmore, Mrs. Lamar, Mrs. Funk, Mrs. McCormick, and Miss Nestor; and Drs. Simpson, Crile, Janeway, Flexner, Vaughn, Mayo, and Welch—all fine types of American citizenship, only a few of the hundreds working in their respective spheres in the Nation and in the States, having no selfish end to serve, working with an eye single to the public interest and to the winning of this war, giving freely their services in as fine spirit as the Nation ever witnessed, revealing the real strength of democracy.

So much, and perhaps more than enough, as to the congressional pledge of resources and the creation of machinery. Let us turn to other matters which I am sure you have in mind. I know you are asking what is being accomplished. What are the results? Obviously, some of them it would be inadvisable to indicate. Others I can only hint at. For the most part they have been detailed to the public through one agency or another from time to time. I shall try to summarize.

#### THE ARMY CANTONMENTS.

The Nation has to-day in all branches of its military services under arms and in training over 1,800,000 men, some in France, some on the ocean, and others in camps or at their posts of duty at home. Approximately ten and a half millions of men have been enlisted in the Regular Army, incorporated in the



National Guard, or registered under the draft act. Those registered but not yet called out are being classified on the basis of national need. Rapid headway has been made in training subordinate officers, and the gigantic undertaking of providing suitable quarters or camps for the men in training has practically been finished. The Nation now has 35 Army cantonments—16 for the National Army, 16 for the National Guard, 2 at points of embarkation, and 1 for the Quartermasters' Training School—all complete in respect to buildings or tents, lighting, sanitary arrangements, and temporary roads. The National Army cantonments were completed within the time set by the General Staff. What this involved can not easily be set forth. It entailed the selection of sites, the planning of buildings, the securing of responsible contractors, the mobilization of labor, the assembling of materials, and the construction of modern hospitals and roads. These camps alone cover 150,000 acres and called for the use of 75,000 carloads of materials, including 500,000,000 feet of lumber. Their cost was approximately \$128,000,000. The work was begun June 15 and the finishing touches were put on by December 1. In addition 16 canvas camps for the National Guard were completed at a cost of approximately \$48,000,000. Thus local habitations were quickly provided for the new army, superior in respects to ventilation and conveniences to the best practice of Europe.

Five instrumentalities or factors highly necessary for victory, it may be asserted without hesitation, are destroyers—the enemies of the submarine—airplanes, ships, medical service, and food. What of these?

#### TO FIGHT THE SUBMARINE.

Of the first, the torpedo-boat destroyers, all I may say is that the construction program of the Navy contemplates 787 ships of all types, at an estimated cost of \$1,150,000,000, including additional destroyers costing \$350,000,000. The latter are to be of uniform standard model, large and fast. Some are to be built within 9 months and all within 18 months. This vast and urgent undertaking required a great extension of building

facilities, and as private capital was unable or unwilling to make the extensions the Government had to do so. When completed, these plants belong to the Nation. I may add that these destroyers will require thousands of men to man them, but that they are being trained, and when the vessels are completed the crews will be ready.

#### CONTROL OF THE AIR.

The work for the control of the air grows apace. Of the great aviation training fields, 17 in number, 2 are old, 1 is rebuilding, 7 were practically completed by September 1, and 7 others will be finished within two weeks. In addition there are in operation to-day at leading universities 10 ground schools giving preparatory instruction in flying. Finishing courses are being given to our students in most of the allied countries, and more than 30 experienced foreign air service veterans have been loaned to us for duty in Washington and elsewhere. The building program calls for 20,000 machines. It will be expedited by reason of a great and interesting achievement, that of a standardized engine, something which no European nation has developed even after three and a half years of war. This accomplishment is in line with the best American traditions and was made with unique speed. What standardization of the engine and of its parts means in respect to speed and quantitative production, in repairs and economy of materials, need not be dwelt upon. It has been estimated that the service when in full strength will require a full force of 110,000 officers and enlisted men, an army greater than our regular military force of a few months ago.

#### PROVIDING MORE SHIPS.

All agree that the enemy submarine must be destroyed. In the meantime shipping sunk by them must be replaced. England must not be starved. Supplies to all the allies must go forward without interruption. Our own troops must be transported and provided with everything essential for effectiveness and comfort, and domestic transportation of men and com-

modities be maintained and greatly increased. Furthermore, commodities must be brought here from many distant places. Therefore we must have ships, more ships, at once. Nothing more urgent. How is this matter proceeding? In the first place, the Shipping Board, on August 3, commandeered 426 vessels either in course of construction for domestic or foreign account or contracted for, with a tonnage of over 3,000,000. Thirty-three of these ships, with a tonnage of 257,000, have been completed and released. Ex-German and Austrian ships with a capacity of 750,000 tons have been taken over for Government use. The Fleet Corporation has contracted for 948 vessels with a total tonnage of 5,056,000, of which 375, with a tonnage of one and a third million, are wooden; 58, with a tonnage of 270,000, are composite; and 515, with a capacity of 3,500,000, are steel. All these ships have an aggregate tonnage of 8,835,000, or nearly a million and a half tons greater than that of the regular merchant marine of the Nation in 1916. Contracts for 610,000 tons additional are pending. The total building program calls for over 10,000,000 tons, and it is proposed that a considerable part of it shall be executed by the end of 1918. The nature of this task may be more easily appreciated when it is remembered that the construction in the United States for 1916 did not exceed 400,000 tons and that the average for the five years preceding was 350,000. At present there are 100 yards building ships, exclusive of 20 building the commandeered vessels, and of these 100, 70 are new. The policy of standardization has been pursued and five classes of ships have been adopted.

#### MEDICAL ORGANIZATION.

I have already referred to the preliminary steps toward medical organization. Further action was promptly taken. An inventory was made of the medical resources of the Nation, of doctors, nurses, and others who could be called by the Surgeon General, and of hospitals and supplies. Courses in modern military medicine and surgery for third and fourth year students were formulated and adopted by 75 of the 95 medical schools in January, 1917. It was known that 80 per cent of the instruments used in this country were made in



Germany. It was necessary to develop their production here, and to facilitate this the first essential step was to introduce standardization, to resort to staple articles. More liberal standards were authorized and the variety of types was greatly reduced. Instead of scores of kinds of scissors a dozen were agreed upon. Instead of many sorts of needles, forceps, and retractors, two, three, or four types were adopted. Manufacturers were given priority of materials and consequently full military orders will be delivered in less than eight months. It is illuminating that one concern, taking its chances, had manufactured according to specifications, by the time it was awarded a contract, enough material to require 10 carloads of lumber for packing. This was the result of the efforts of 75 of the most eminent medical specialists of the Nation, working with the military staff in contact with 250 leading manufacturers.

The peace strength of the medical forces of the Army was 531 and of the Navy 480. Now the Surgeon General of the Army has in his regular force and in the new enrollment of physicians actually accepting commissions 16,432, a number sufficient for an army of two and one-third millions, and a dental force of 3,441, adequate for an army of 3,400,000. The Navy now has 1,795 medical officers, a number in excess of present needs. The Red Cross has enrolled 15,000 trained nurses, organized 48 base hospitals with 9,600 doctors, nurses, and enlisted men, 16 hospital units with smaller staffs to supplement the work of the base hospitals, is furnishing supplies to 35 hospitals of all sorts in France, and since May has raised over \$100,000,000.

#### ORGANIZATION OF AGRICULTURE.

What shall I say about the organization of agriculture for the production of food, clothing, and other materials? It is unnecessary to dwell upon the need of an adequate supply of food for the civilians and soldiers of this Nation and also for those of the nations with whom we are associated. When we entered the war, this country was and had been facing an unsatisfactory situation in respect to its supply of foods and feedstuffs. The production in 1916 of the leading cereals was comparatively low, aggregating 4.8 billions of bushels as against 6 for 1915, 5 for 1914, and 4.9 for the five-year average. The wheat crop had been strikingly small and it was certain

that on account of adverse weather conditions the output for 1917 would be greatly curtailed. The situation was no better in respect to other conspicuously important commodities, such as potatoes and meats. The need of action was urgent and the appeal for direction insistent. The Nation looked for guidance primarily to the Federal department and to the State agencies which it had so liberally supported for many years. It was a matter of great good fortune that the Nation had had the foresight, generations before, in another time of national stress, in 1862, to lay soundly the foundations of agriculture. In respect to agencies working for the improvement of rural life, the Nation was prepared. In point of efficiency, personnel, and support it had establishments excelling those of any other three nations combined, and a great body of alert farmers who were capable of producing two or three times as much per unit of labor and capital as the farmers of Europe.

Steps were quickly taken to speed up production. In a two-day session at St. Louis the trained agricultural officers of the country conceived and devised a program of legislation and organization, the essential features of which have not been successfully questioned, and the substantial part of which has been enacted into law and set in operation. Initiative was not wanting in any section of the Union. Effective organizations quickly sprang up in all the States and the services of experts everywhere immediately were made available. The response of the farmers was prompt and energetic. Weather conditions for the spring season were favorable and the results are that crop yields have been large and that the Nation is able not only to feed itself but in considerable measure to supply the needs of those with whom we are cooperating.

That the farmers of the Nation have generously responded to the appeals for increased production, and that much has been done to insure a large supply of foods and feedstuffs, justifies no let-down in their activities or in those of all agricultural agencies. On the contrary, even greater efforts must be put forth in the coming months, if we are to meet fully the civilian and military demands. There must be no breakdown on the farms, no failure of foods, feedstuffs, or clothing. Especially must we have a more abundant supply of meats and fats to replenish the stores of the long-suffering allies.

## DIFFICULTIES CONFRONTING AGRICULTURE.

Many difficulties confront the agricultural forces. Fertilizers are scarce. Farm machinery has advanced in price and transportation is burdened. To secure an adequate supply of labor everywhere will demand our best energies. Especially serious to the farmer is the task of retaining on his farms his regular year-round help. An army could not be raised without taking men from every field of activity and it would have been unfair to any class to have proposed its complete exemption. The problem is a constructive one. Mere complaint is useless. Our aim is to secure even greater production from the labor on the farms; and it must be attained. Farmers in the same community must cooperate with one another more actively. Forms of labor not heretofore regularly or fully utilized must be employed and plans for the shifting of labor from places where the load has passed to communities where there is urgent need must be perfected. Whether more drastic action will be needed remains to be seen. General conscription would present many difficulties. Several things are certain. Relatively nonessential industries must be prepared to release labor and capital for essential undertakings; and, either through State or Federal action, any able-bodied individuals who can but will not do useful work must be pressed into the service.

## UNITY IN ACTION.

It would appear, then, that the courses we must follow, the directions we must take to win victory, have been indicated and charted. While corrections and extensions will be made, I am confident that the important essential steps have been taken and that success will come rather through steadying and expediting these than through any novel enterprises. Unquestionably the coordination of all domestic agencies, governmental and private, must be perfected so that the Nation may direct its great energies and resources with full effect against the enemy. I am equally confident that the most "practicable cooperation in counsel and action with the Governments now at war with Germany" must be secured. What specific form

that shall take I am not wise enough to suggest; but that there must be unity of policy and effort, the wisest utilization of our combined resources, and the most skillful, strategical handling of military and naval forces on the basis of international and not of particularistic interests under an unhampered, common control seems to admit of no manner of doubt. Mistakes may be made even then, but not so many or as fateful ones as may be made if there are as many programs as there are nations involved. Campaigns can not otherwise be successfully conducted and battles won against great powers having the advantage of interior lines and of a single, absolute directing mind. The solution of this problem is the present pressing need for victory now or later.

#### FINANCIAL BURDEN BORNE NOW.

Furthermore, we must keep in the forefront of our thinking the imperative necessity for maintaining the integrity and soundness of our finances. To this end, it seems to me the people of the Nation, after adjustments have been made to changed industrial conditions and to the new revenue legislation, must be prepared increasingly to meet the burdens of this war through just and equitable taxation. If they can be convinced of the plain truth, that the easiest way temporarily and ultimately to bear the financial burdens of war is to meet them as they rise, as largely as possible through taxation, the task will be relatively simple. This is a fact, but not an obvious one. Centuries of unsound traditions and many delusions stand in the way. There is the singular misapprehension that by borrowing, the burden of waging a war to that extent can be shifted to future generations. If this were true, there would be no definable limit to the extent and variety of war the present generation could wage. The truth is that in a Nation like ours, not borrowing abroad, whether control of wealth is secured through taxes on all or in part through loans from the few, the people pay for the war as it proceeds, and that if the books were closed at the end of the war, the Nation would have paid for it. The iron, the steel, the coal, the clothing, the shoes, the lumber, the ammunition, the guns, and the ships secured by the Government are used and destroyed at the time, and, for the most part, can not



later be enjoyed. By borrowing, a burden, it is true, is placed on the people after the war, but it is a burden of restitution. A credit relation is set up and an obligation on the part of all is incurred to pay back with interest the wealth the Nation has used. The main fact is that the wealth is taken and consumed by the Nation at the time. The burden is borne while the war is on. As I see it, there are only two really plausible arguments that may be made for resorting mainly to loans—one a psychological argument, namely, that the people do not effectively appreciate the necessity for the war, and would be impatient or resentful; the other, a physical one, that it is difficult in time to devise an equitable measure, to administer it, and to secure revenue promptly. The former argument should appeal more strongly in an autocracy than in a democracy, and especially in one which so quickly perceived the justice and need of a conscription of men. The second applies with diminishing force as the war is prolonged and time is afforded for action.

#### PRODUCING AND SAVING.

If it be true that the burden of war is actually borne at the time, then it follows that the capacity of a nation to wage war is measured by its ability to maintain production, and especially to save—to abstain from luxuries, and to stop waste. Hence the importance of our many appeals in this direction.

And let us not be deluded by inflated reports of the rapid growth of our wealth into thinking that we can meet the burdens of this war without further increased production and economy. There is danger of this when figures come from responsible sources without proper interpretation and explanation. In such times as these, statements of wealth in terms of dollars may mean relatively little. The Nation, for instance, has been informed that the value of the 1917 output of farm products is 21 billions of dollars, whatever that is—a sum equal to the total appropriations and authorizations made by Congress in its last session for war purposes. Newspapers have written editorials about it. We are told that no land ever before produced so great farm values, that it is providential that these blessings are heaped upon a worthy people, and

that America has the will to place this unexampled treasure at the service of the world. These statements are true, and very misleading. The simple fact is that the actual volume of agricultural things produced, bushels of cereals, bales of cotton, number of hogs and sheep, and some other things, is smaller than in 1915, and that consumers simply generally get much less for a dollar. The same statement may be made in a measure as to the reported statistics of industrial production. It is highly important that these things be seen in the right light, and that they are not permitted to impair the motive for saving.

Now, taxes have this advantage over loans: They more directly enforce economy. It is true that, whether we part with our wealth through taxes or the loan of our savings, we shall have less to spend on ourselves, but it is not always true that we make our loans from our realized savings. Just there is the difficulty. To pay our subscription we not infrequently resort to borrowing beyond our willingness to save, and thereby set in operation processes which may result in undue expansion of credit. Taxation, especially on consumption, more particularly on luxuries, tends more directly to enforce saving, to keep the general level of prices steady, to check investment in nonessential directions, and to release capital and labor for urgent needs. But, after all, large sums must be secured through loans. Borrowing in itself will not necessarily bring about an undue expansion of credit and an advance in prices. It may promote saving. It will do so if payments are made from funds on hand or with savings from current income. It is, therefore, of the first importance to the successful prosecution of the war that the disposition of the people to economize be stimulated. The conception of the war savings certificate plan was, for this purpose, a peculiarly happy one, and its promotion must receive the cordial support and indorsement of financial leaders everywhere.

#### PATRIOTISM AND PROFITS.

That we have the physical resources to win this war, if they are properly conserved, I entertain no doubt; that we have these in larger measure than any other nation in the world

is a matter of common knowledge. We have not yet fully realized the enormous power of the country. If in the sixties, when we were a simple, crude, undeveloped Nation, doing things, relatively speaking, on an "oxcart" basis, with the question yet undetermined whether we were to be one nation or two, we could wage the mightiest war up to that time and issue from it with unrivaled power, what can we not do to-day, with a united people and with immeasurably greater resources, if our spirit is right and our purpose is steadfast? Unless the descendants of the men who followed Grant and Lee are degenerate, there can be no question of the ultimate outcome. It is time for each individual to search his heart and to purge his mind and purpose of selfish motives and for each class in society to think in terms of the Nation rather than in terms of its own interest. It is no time for any class to hug to its bosom the delusion that it possesses a monopoly of patriotism. Human nature is pretty evenly distributed and no little selfishness manifests itself in every direction. Unfortunately there are self-seekers in every group, men who assume the attitude that if they are to make additional efforts to increase production or to serve the country, the Nation must pay them the price. Their patriotism, it is implied, needs to be stimulated. This is impossible because there is no foundation to work upon. I have heard many manufacturers solemnly assert that if the Government wished them to speed up their operations, to extend their plants, or to take additional trouble in any direction, it must guarantee to them an abnormally large profit in addition to the requisite allowance for amortization. One of them recently suggested to me that he was getting weary of the burdens he had assumed, and that if the Government wished him to continue or to undertake new tasks, it would have to induce him to do so by permitting him greatly to increase his profits. What would he or others say of a soldier, of the man drafted into the Army, who protested that for so much he would go to the seaboard, but if the Government wished him to go abroad, it must stimulate him with a 25 per cent increase in his pay, or, if he went to the front trenches, with 50 per cent?

In the words of the President, "Patriotism has nothing to do with profits in a case like this. Patriotism and profits



ought never in the present circumstances be mentioned together. It is perfectly proper to discuss profits as a matter of business, \* \* \* but it would be absurd to discuss them as a motive for helping to serve and save our country. \* \* \* In these days of our supreme trial, when we are sending hundreds of thousands of our young men across the seas to serve a great cause, no true man who stays behind to work for them and sustain them by his labor will ask himself what he is personally going to make out of that labor. No true patriot will permit himself to take toll of their heroism in money or seek to grow rich by the shedding of their blood."

#### THE INDIVIDUAL'S DUTY.

I can conceive that each individual, no matter what class in society he belongs to or what service he renders, whether he be a manufacturer, a farmer, a laborer, a lawyer, a scientist, or a soldier, will take pains to see that he attains for himself and his operations the highest degree of efficiency and give the maximum service or products to the Nation at the lowest cost consistent with efficient operation and effective standards of living; but it is inconceivable to me that any citizen who dares to call himself a patriot should aim to do less or to seek mere selfish advantage. It is obviously the duty of each civilian to reveal by his conduct the same standards of patriotism, devotion, and sacrifice, if necessary, either of life or property, that we expect from the men whom we send to the front directly to bear the brunt of battle. I am confident that it is in this spirit that most of the people of the Nation are viewing their obligations and that the great body of public sentiment will permit no other attitude to manifest itself in those who are less right-minded. There can be no slacking, no turning back. The rights of the Nation must be vindicated and its institutions preserved. Those who would keep the people of the world from going about their business in orderly and decent fashion must be taught a lesson once for all. Guaranties that there shall be no recurrence of such a world calamity as the present must be enforced. A finish must be made once for all to all things feudal, humanity be safeguarded, democracy impregably intrenched, and the lesson be forced home that the

worthy and tolerable national aspiration is to have a clean national household from cellar to attic, and a durable and righteous peace must be secured, in accordance with the recent history-making declaration of the President, in itself a great step toward victory—a peace on the basis of reparation, justice, and security.

